Agenda – Executive Policy Committee – May 22, 2024

REPORTS

Item No. 16 Housing Accelerator Fund Capital Grant Program

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

1. That Council approve the Housing Accelerator Fund Capital Grant Program as outlined in this report.

2. That Council enact the Housing Accelerator Fund Capital Grant Program By-law, a draft of which is attached as Schedule A to this report.

3. That Council enact a by-law to amend the Affordable Housing Now By-law No. 14/2022 in accordance with this report, a draft of which is attached as Schedule B to this report.

4. That the City enter into, execute and deliver a grant agreement with each successful applicant under the Housing Accelerator Fund Capital Grant Program, and such other ancillary agreements as determined necessary by the Director of Legal Services and City Solicitor to implement the intent of the foregoing.

5. That authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of the grant agreements and the ancillary agreements, in accordance with this report and such other terms and conditions deemed necessary by the Director of Legal Services and City Solicitor to protect the interests of the City.

6. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

ADMINISTRATIVE REPORT

Title: Housing Accelerator Fund Capital Grant Program

Critical Path: Executive Policy Committee - Council

AUTHORIZATION

Author	Department Head	CFO	CAO
M. Geer	M. Geer	C. Kloepfer	M. Jack

EXECUTIVE SUMMARY

On December 5, 2023, the Government of Canada, through the Canada Mortgage and Housing Corporation (CMHC), entered into an agreement with the City of Winnipeg for $122.4 million in funding from the Housing Accelerator Fund (HAF). The HAF funding is based on the City achieving 14,101 housing units over three years, including 3,166 *net new* housing units, above what would normally occur, including 931 affordable units.

On March 21, 2024, Council approved supporting initiatives funded by the first installment of HAF, including $25 million for the development of a new capital grant program to be launched in June 2024.

The Housing Accelerator Fund Grant Program will provide grants directly to developers to create more multi-unit housing units, with an initial focus on affordable housing projects (up to $35,000/unit) and projects situated Downtown (up to $25,000/unit).

Projects that meet minimum eligibility can apply when an online portal launches on May 31, 2024. Projects will be evaluated and conditional approvals awarded by September 1, 2024. It is anticipated this first round of funding can create approximately 600 units of housing, with approximately 50 percent affordable, but this will be determined based on what projects apply and readiness for construction.

Administration will be streamlined, allowing groups to apply for capital funding and existing tax increment financing (TIF) programs together. Ongoing discussions are also underway to partner with additional funding bodies such as the Province of Manitoba and End Homelessness Winnipeg to maximize impact of the City’s program.

RECOMMENDATIONS

1. That Council approve the Housing Accelerator Fund Capital Grant Program as outlined in this report.

2. That Council enact the Housing Accelerator Fund Capital Grant Program By-law, a draft of which is attached as Schedule A to this report.

3. That Council enact a by-law to amend the Affordable Housing Now By-law No. 14/2022 in accordance with this report, a draft of which is attached as Schedule B to this report.

4. That the City enter into, execute and deliver a grant agreement with each successful applicant under the Housing Accelerator Fund Capital Grant Program, and such other ancillary agreements as determined necessary by the Director of Legal Services and City Solicitor to implement the intent of the foregoing.

5. That authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of the grant agreements and the ancillary agreements, in accordance with this report and such other terms and conditions deemed necessary by the Director of Legal Services and City Solicitor to protect the interests of the City.

6. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

REASON FOR THE REPORT

On March 21, 2024, Council approved the development of a capital grant program under the Housing Accelerator Fund and that the City Solicitor/Director of Legal Services be instructed to prepare a By-law for the Capital Grant Program in accordance with this report.

IMPLICATIONS OF THE RECOMMENDATIONS

If the recommendations are approved, the Public Service will launch a capital grant program and begin accepting applications to allocate up to $25 million in funding for housing projects in June 2024.

This will enable the City to start making progress towards the goal of achieving 3,166 net new permitted housing units over the next three years, including 931 affordable units, as required under the Housing Accelerator Fund agreement.

The capital grant program will be funded from the Housing Accelerator Fund operating budget.

HISTORY/DISCUSSION

In December 2023, Canada Mortgage and Housing Corporation (CMHC) approved a total allocation of $122.4 million for the City of Winnipeg under the Housing Accelerator Fund (HAF). Winnipeg's allocation is based on achieving building permit approvals for an additional 3,166 net new housing units over the next three years. The 3,166 additional housing units will be incremental to the 10,935 units that are projected to be permitted without HAF, which will result in a total growth target of 14,101 permitted housing units in Winnipeg over the next three years, including 931 affordable housing units.

The HAF funding will be provided to the City in four equal annual installments of $30.6 million, which started in December 2023. The first two annual installments are unencumbered. The

third installment will be earned upon completion of the eight action plan initiatives. The fourth installment will be earned by achieving 3,166 incremental building permits, and 14,101 in total by December 5, 2026.

HAF will be used to support the eight Action Plan Initiatives that were approved by Council in July 2023 which are intended to achieve the incremental housing units noted above. These include:

1. Rapid By-law Amendments
2. Rapid Amendments to Local Area Plans
3. Incentive Program – Multi-family Dwellings in Downtown and Corridors
4. Land Enhancement Office
5. City Concierge for Affordable Housing
6. Infrastructure Support Program
7. Digitize Permits
8. Housing Needs Assessment

In March 2024, Council approved allocating $25 million of the first HAF installment in 2024 to the Incentive Capital Grant Program (Initiative #3).

The Housing Accelerator Fund (HAF) Capital Grant Program

The Housing Accelerator Fund (HAF) Capital Grant Program (Initiative #3) will provide grants directly to developers to create more housing supply, specifically mixed-income and multi-family housing with an initial focus on affordable housing projects and projects situated Downtown. For full affordable housing projects, applicability will be open to a wider geographic area of focus to create housing choice and ensure affordable housing is spread throughout the city.

Specific incentives for market or mixed-income housing projects situated on, or near, transit corridors outside of Downtown will be addressed in a subsequent phase of the grant program. An economic feasibility analysis was conducted to consider prototype developments in different areas to help determine the focus for the first round of grants. Discussions with other potential funders also occurred to ensure alignment. It is anticipated this first round of funding can create approximately 600 units of housing, with approximately 50 percent affordable, but this will be determined based on what projects apply and readiness for construction.

The key parameters of this program are proposed to be as follows:

Dates

- The program will be application-based and launch May 31, 2024. Applications will be accepted until July 12, 2024, with conditional approvals awarded by September 1, 2024.

- Successful projects will be required to secure a building permit within one year of approval.

Funding

- Total funding available in 2024 will be limited to $25 million. Future rounds of funding will be launched after this round is complete.

- Projects will be eligible for funding amounts outlined in grant categories below, to a maximum of $5 million per project.

Eligibility

- Program will be focused on new housing units that can secure a building permit within one year of approval.

- Projects must include at least five dwelling units, and meet locational/affordability criteria for the grant categories.

- New housing is defined as new construction or non-residential (i.e. office, industrial) to residential use. It should be noted that the previous Council report also included reference to vacant building renovation as eligible, but in further discussion with CMHC, this would not be eligible as "new" per the Housing Accelerator Fund.

Grant Categories

I. Downtown Market Projects Grant: Up to $25,000/unit

- Must be located Downtown.
- Projects must include at least 10% of total units in line with CMHC Mortgage Loan Insurance Criteria (30 percent of median renter income; which is currently $1,100/month) for ten years.

II. Affordable Housing Projects Grant: Up to $35,000/unit

- Projects must include at least 30 percent of the total units rented at either of the following affordability criteria for at least twenty years:
    - less than 80 percent of the Median Market Rent for the area, in line with CMHC's Affordable Housing Fund Criteria; or
    - at Province of Manitoba Affordable Housing Rental Rates.

III. Affordable Downtown Housing Grant: Up to $60,000/unit

- Must be located Downtown
- Projects must include at least 30 percent of the total units rented at either of the following affordability criteria for at least twenty years:
    - less than 80 percent of the Median Market Rent for the area, in line with CMHC's Affordable Housing Fund Criteria; or
    - at Province of Manitoba Affordable Housing Rental Rates.

IV. Deeply Affordable Housing Outside Downtown (Top-Up) Grant: Up to $15,000/unit

- For projects with deeper affordability levels situated outside Downtown, a "top up" of up to $15,000 may be available.
- Projects that qualify will be those can provide a letter of intent from a government organization (or an equivalent organization acceptable to the City), indicating its commitment to provide operating funding for at least five years, but ideally up to 20.
- Projects must meet or exceed the following:

- at least 50 percent of the total dwelling units are rent-geared-to-income, or
- operates as permanent supportive housing or transitional housing for priority populations, including people experiencing homelessness.

Evaluation

Projects will be evaluated with a point system by a review committee that will consist of diverse members of the Public Service, as well as externals, as required (i.e. Province of Manitoba).

Evaluation will be based on the following:

Readiness to Construct (i.e. stage of development approvals, readiness of construction drawings/budget, experience of developer and/or partners, ability to secure building permit within one year)	**30%**
Impact (i.e. Indigenous-led projects and non-profit led projects, surpassing minimum affordability requirements, focus on priority populations)	**30%**
Financial Feasibility & Efficiency of Funding (i.e. how many units is the project creating, cost/unit, operational and capital feasibility, proof the project in need of financial support)	**30%**
Planning Alignment (i.e. OurWinnipeg 2045, Complete Communities 2.0, Winnipeg Transit Master Plan, ***draft*** CentrePlan 2050)	**10%**

Initially, the HAF Capital Grant Program will be administered internally by the City of Winnipeg within the Office of the Chief Administrative Officer (CAO). However, a portion of the funds for future program rounds may be administered by CentreVenture Development Corporation, under their new mandate approved by Council on March 21, 2024.

Alignment with Other Programs and Funding

For each of the grant categories listed above, projects can also apply for and receive a tax increment financing grant for their project (where applicable) under one of the City's current tax increment financing(TIF) programs (Affordable Housing Now or the Heritage and Economic Development Incentive Program), thus providing more financial support to the project and allowing for greater levels of affordability.

To this effect, this report also recommends minor amendments to the existing Affordable Housing Now By-law No. 14/2022 to ensure alignment, as included in Schedule B. The By-law is being amended to change the program administrator from the Director of the Planning, Property and Development Department to the Chief Administrative Officer. This amendment will make it explicit that the HAF Capital Grant Program is considered as part of the National Housing Strategy, and therefore eligible under the Affordable Housing Now Program. These amendments will also streamline approvals within the Public Service.

Applications will be streamlined, allowing groups to apply to both the HAF capital funding and TIF programs with one application form.

As part of the launch of the HAF Capital Grant Program, the City has been working to foster alignment with other funding opportunities, including with the Province of Manitoba, Canada Mortgage and Housing Corporation, other Indigenous and federal funding sources to maximize impact.

FINANCIAL IMPACT

Financial Impact Statement

Date: May 9, 2024

Project Name:

Housing Accelerator Fund Capital Grant Program

First Year of Program **2024**

	2024	2025	2026	2027	2028
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 25,000,000	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 25,000,000	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	25,000,000	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments:

Direct costs of $25,000,000 represent costs for the development of a new capital grant program as outlined in the report, and will be funded by the Housing Accelerator Fund operating budget.

Randy Bernard

Randy Bernard, CPA, CMA
Manager of Finance & Administration (Campus
Corporate Finance Department

CONSULTATION

This Report has been prepared in consultation with the departments listed below, and they concur with its content.

- Legal Services
- Planning, Property and Development
- Corporate Communications

OURWINNIPEG POLICY ALIGNMENT

4.4 Affordable and Supportive Housing Options
Enable collaborative partnerships that provide a continuum of existing or new affordable housing, making use of municipal supports such as fiscal, regulatory and measurement tools to ensure those most in need have increased access throughout the resident and building life-cycle.

5.2 Affordable and Supportive Housing Options
Conserve and increase development of a continuum of affordable and supportive housing throughout the city as a fundamental human right.

6.39 Affordable and Supportive Housing Options
Facilitate affordable and supportive housing in all neighbourhoods, through a continuum of private and non-profit housing development that includes a mix of sizes, forms and tenures; resilient, low-carbon, and energy-efficient construction; adaptable, universal design accessibility; and proximity to integrated and, sustainable transportation options.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

This report is in alignment with the following:

Key Direction 4.1 Increase Strategic Infill Development that Provides Access to and Capitalizes on Existing and Planned Corridors with Frequent Transit Service (p. 43)

Key direction 4.2 – Ensure New Areas of Growth are Designed According to the Principles of Complete Communities (p. 44).

Key direction 5.2 – Improve energy performance of new buildings (p.47).

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

The information and recommendations presented in this report align with the Winnipeg Poverty Reduction Strategy (2021 – 2031) Guiding Principles, and specifically the Affordable Housing Life Pole, and Goal 2: The City Actively Plans for and Partners in Affordable Housing.

It also responds to actions in the 2024-2027 implementation plan related to fast-tracking affordable housing and collaboration with other levels of government to advance housing goals.

SUBMITTED BY

Department: Office of the Chief Administrative Officer
Prepared by: Lissie Rappaport
Manager, Housing Accelerator Fund
Date: April 18, 2024

Attachments:

Schedule A – HAF Grant Program By-law

Schedule B – Amendments to Affordable Housing Now By-law No. 14/2022